

The complaint

Mr B complains about the way Kroo Bank Ltd (“Kroo”) managed his current account after it put restrictions on it.

What happened

Mr B had a current account with Kroo. On 5 June 2024 Kroo put restrictions on the account. That meant that Mr B was unable to use his debit card, and payments could no longer be processed.

Mr B contacted Kroo on 10 June 2024 about the restriction, but Kroo didn’t respond to him until 21 June 2024. At that time it asked him for information about where the money in the account had come from. Mr B sent Kroo the information straight away.

On 1 July 2024 Mr B complained to Kroo about the lack of support he’d received from it and his frustration about Kroo’s lack of communication. On 17 July 2024 Kroo sent Mr B its final response. It apologised for the time it taken to respond to Mr B. But it said it was entitled to restrict his account for a number of reasons under condition 19 of its terms and conditions. So it didn’t think it had done anything wrong when it did that.

Mr B remained unhappy, so he complained to the Financial Ombudsman Service.

Our investigator looked into what had happened. In early December 2024 he issued his view on Mr B’s complaint. At that time Mr B’s account was still restricted and under review by Kroo. So Mr B remained unable to access the money in it - more than £18,700. Our investigator said:

- under the account terms and conditions (condition 19.7) Kroo had the right to restrict an account. But that didn’t mean it could do so indefinitely. He could see that Mr B had provided Kroo with the information it had asked for.
- on the basis of the available information, he wasn’t clear why Kroo wasn’t satisfied by the by the information Mr B had given it.
- Kroo hadn’t responded to his requests for information about this matter.

At that time (December 2024) Kroo hadn’t responded to Mr B for around four months. Our investigator thought that was poor customer service, so he said that Kroo should pay Mr B £300 compensation to reflect the impact of that delay on Mr B.

Kroo responded to our investigator after that. It apologised for its delay in responding to him. It sent our investigator some further information, confirmed Mr B’s account was still under review, and said that it would decide whether to return the money in Mr B’s account after it had completed its review.

In late January 2025 our investigator issued another view on Mr B’s complaint. In that view our investigator said that having reviewed the extra information provided he still thought that

Kroo should pay Mr B £300 compensation for the distress and inconvenience this matter had caused him. Our investigator said he understood that Kroo had restricted Mr B's account in line with condition 19 of the terms and conditions, but he thought such restrictions should be dealt with in way that allowed Mr B to operate his account again as soon as possible. He said that as the account was still under review Mr B was no closer to resolving this complaint than he had been when our investigator issued his first view in early December 2024.

Shortly after that Mr B told our investigator that Kroo had closed his account. It appears Kroo gave him a few days' notice of the account closure and that before closing his account Kroo asked Mr B where it should send the money in the account to. Mr B said he wasn't concerned about the account closure as he didn't want to bank with Kroo any longer. So the account closure hasn't been considered in this complaint.

Kroo didn't say anything about the £300 compensation. In the circumstances, Mr B asked for an ombudsman to review his complaint. So this complaint has been passed on to me to consider

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'll begin by saying that UK banks like Kroo are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. For example, they're required to take steps to ensure that accounts are not being used for fraudulent or illegal purposes. That means that banks may sometimes carry out reviews of customers' bank account usage. In some cases they're entitled to restrict the operation of an account. Those restrictions may include suspending certain features of an account. They can also include a complete block on account usage.

In its final response Kroo told Mr B that it had restricted his account under section 19.7 of the account terms and conditions. However, it didn't say what in particular it was concerned about when it did that. Nor did it say how long Mr B could expect his account to be restricted for.

Mr B's account was restricted from June 2024 until early February 2025. At that point the account was closed and the money in the account was moved to another account

Kroo hasn't provided us with all the information we've asked for in this case despite us chasing it on a number of occasions. However, having considered the available evidence, I think it's likely (on the balance of probabilities) that Kroo acted in line with its obligations when reviewing and restricting Mr B's account and when it asked Mr B for more information about where the money in the account came from. So I don't think it would be fair and reasonable for me to say that Kroo made a mistake when it restricted Mr B's account.

Having said that, I also think Kroo's customer service has been poor. Kroo took around seven months to review Mr B's account. That meant that Mr B was unable to use the money in his account during that time. I can understand why Mr B was very frustrated by that – especially given that Kroo didn't provide him (or us) with any meaningful update about the progress of its review during that time. In the circumstances, I also think that Kroo should pay Mr B £300 compensation for the distress and inconvenience its service caused Mr B. That amount reflects the continuing nature of Kroo's mistakes over some months.

Putting things right

To put things right, Kroo should pay Mr B £300 compensation.

My final decision

For the reasons set out above, my final decision is that Kroo Bank Ltd should pay Mr B £300 compensation to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 September 2025.

Laura Forster
Ombudsman